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RateGain IT Solutions Pvt. Ltd.

Hon. Karen A. Overstreet
Chapter: 11
Location: Seattle
Hearing Date: April 27, 2010
Hearing Time: 9:30 a.m.
Response Date: April 27, 2010

UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

In re:

QL2 SOFTWARE INC.,

Debtor.

Case No. 10-10209-KAO

**RATEGAIN'S OBJECTIONS TO
PROPOSED OVERBID PROCEDURES**

Party in Interest RateGain IT Solutions Pvt. Ltd. is a potential bidder in the auction for the sale of the Debtor's assets. RateGain objects to the Motion to Approve: (A) Scheduling an Auction and Hearing to Approve the Sale of Substantially All of the Assets of the Debtor Free and Clear of Liens; (B) Overbid Procedures for Such Sale; (C) Topping Fee and Expense Reimbursements; and (D) the Form and Scope of Notice of the Overbid Procedures and Auction (the "*Motion*") as set forth below.

1. RateGain objects to the terms of paragraph 6 of the Mutual Non-Disclosure Agreement, attached as Exhibit 1 to the proposed Overbid Procedures. The terms of that paragraph are an overbroad restraint of trade, and they will discourage interested parties from participating in the auction. The Court should revise paragraph 6 of that agreement to read as follows:

You agree that, for a period of two (2) years from the date of this letter agreement, you will not, directly or indirectly, reveal the name of, solicit, persuade, interfere with or endeavor to entice away from us any of our

1 employees, customers or suppliers, or employ or offer to employ any of our
2 employees with whom you have had contact or who became known to you in
3 connection with your consideration of the Transaction, provided that you will
4 not be restricted in any general solicitation of employees, customers, or
5 suppliers, or public advertising of employment opportunities or your products
6 and services not specifically directed at any such persons, and provided further
7 that you will not be restricted in hiring any such person or entering into a
8 purchase or sale with any such customer or supplier who respond to any such
9 general solicitation or public advertising. Nothing in this paragraph should be
10 construed to restrict any party's ability to continue interacting with customers
11 and suppliers with whom the party had an existing relationship as of the date of
12 this letter agreement.

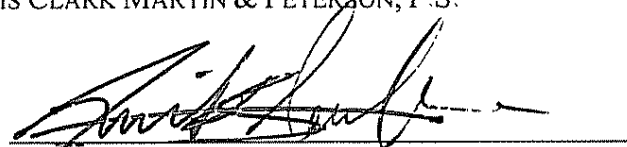
13 This proposed language makes three changes to the existing language. First, it reduces the period
14 of the restriction from five years to two years. Second, it expands the "general solicitation and
15 public advertisement exception" to include customers and suppliers. Third, it adds an exception
16 for pre-existing customer and supplier relationships. These proposed terms, rather than those in
17 the Motion, are more likely to encourage participation in the auction. RateGain asks the Court
18 either to adopt the language proposed above or to adopt substantially similar language.

19 2. RateGain objects to the following sentence in paragraph V(f) of the proposed
20 overbid procedures: "Purchaser shall be entitled to a credit equal to the amount of the Topping
21 Fee." This provision gives the Purchaser an additional advantage of \$225,000 over and above any
22 other bidder. The Purchaser would already receive the benefit of the Topping Fee if it is not the
23 successful bidder at the auction. The proposed credit will discourage other potential bidders from
24 participating in the auction. The Court should strike that provision from the final order on
25 overbid procedures.

26 DATED this 27 day of April, 2010.

HILLIS CLARK MARTIN & PETERSON, P.S.

By



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Attorneys for Party in Interest
RateGain IT Solutions Pvt. Ltd.